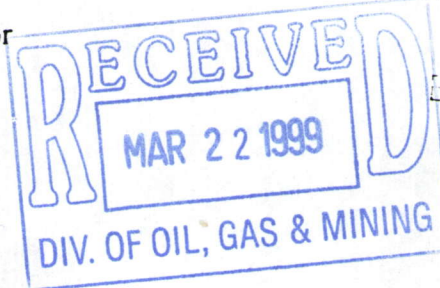


# CLIFTON MINING COMPANY

70 West Canyon Crest Rd. Suite D, Alpine UT 84004  
Phone: (801) 756-1414 Fax: (801) 756-5454

October 8, 1996

Margaret Wyatt  
United States Department of the Interior  
Bureau Of Land Management  
2370 So. 2300 W.  
Salt Lake City, Utah 84119



Dear Margaret,

We are in receipt of your letter dated October 3, 1996, asking for additional information on our millsite plan. As per your request, we are herewith including the information you have asked for.

1). We understand that as per your rules, all area within the fence will be counted as disturbed, whether or not it actually is. With this being the case, and considering the fact that we hope to expand our operation in the near future (to 500 tons/day), we respectfully request that the plan of operations be changed to reflect the new area of disturbance of 8.18 acres. This change will give us additional room which we may soon need. Will we need to file an additional mill site claim?

2). As per your request, I have included a copy of the flow sheet for the mill (please see exhibit A). As you can see from the plan, it is a simple and straight forward operation. The ore is fed into the crusher and then into the ball mill. From there the crushed ore passes through the spirals (where the heavy part is removed) and then is pumped into the float cells (where chemicals that are non-toxic to the environment remove the rest of the metals). The left over barren rock material is then piped out to the tailings pond. The larger 500 tons/day mill will use the exact same process as the 150-200 tons/day mill, however it will use a bigger ball mill and more spirals and float cells.

3). The precise area of the current tailings pond is north and east of the millsite (see exhibit B). We propose that we expand the current tailings pond to the north and to the east. For the precise area proposed for the expanded tailings pond see exhibit B. This expanded tailings impoundment will be more than sufficient to hold the excess 2000 gallons per hour of used mill water. The tailings impoundment can be constructed with the tailings being discharged into the pond from either side (see exhibit C).

4). We understand your concern about the 252 gallons of water per hour from the Cane Springs which is owned by the BLM. The water, as it comes from the mine tunnel, is run into a splitter box where much of the flow runs into your water tank until its full and backs up. The remainder of the water is split into our water pipe, and it runs down into our mill. When the mill is not in operation, the mill water runs into a fresh water storage pond, where we can obtain additional water for the mill, should we need it. We also propose at this time, to expand that fresh water pond to the north, so that we have additional water storage capacity (see exhibit B). Clifton



is also currently negotiating on the purchase of a second water source, just south of the mill on patented claims, that has also been used as a source of mill water in the past.

5). Reclamation plan of the disturbed areas of the Gold Hill millsite in Tooele County Utah, at the conclusion of milling operations:

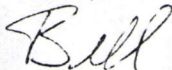
A). Topsoil: Very little topsoil has been saved or stockpiled at the site due to pre-law disturbance by past operators, who have operated the mill on and off since the early part of this century. In accordance with rule M-10 (14) Soil Variance, if any new disturbance is made to yet undisturbed areas of the millsite, the topsoil will be removed, stockpiled and saved. At the conclusion of operations, this topsoil will be redistributed over disturbed areas as far as it will adequately cover. The remainder of the disturbed areas, where no topsoil is available, will be ripped and fertilized with organic compost (horse manure) and mulched with hay. No topsoil will be borrowed from adjacent areas.

B). Erosion: Erosion controls will be utilized as advised, at the conclusion of milling operations. Keeping in mind that this is an arid region and adverse erosion is limited to heavy runoffs and wind, revegetation should control wind erosion, as well as limiting the effects of heavy runoffs. Drainage bars will be designed and installed to further curtail the adverse effects of heavy runoffs. The area does not lend itself well to rip rap in the drainages, nor is the area prone to landslides. However, the area will be reshaped to conform as much as possible to the original landscape, to insure that any reclaimed areas are not a contributing factor to landslides in the future.

C). Removal of possible hazardous materials: At the conclusion of operations at the millsite, all unused chemicals will be removed from the millsite and properly disposed of. The chemicals to be used at the millsite have already been approved by the State of Utah Department of Water Quality and have been determined to have no adverse affect on ground water.

D). Vegetation and reshaping: All roads, pads, and impoundments will either be recontoured or filled and covered as advised. The area will then be reseeded with an appropriate seed mix as recommended by the governing authority.

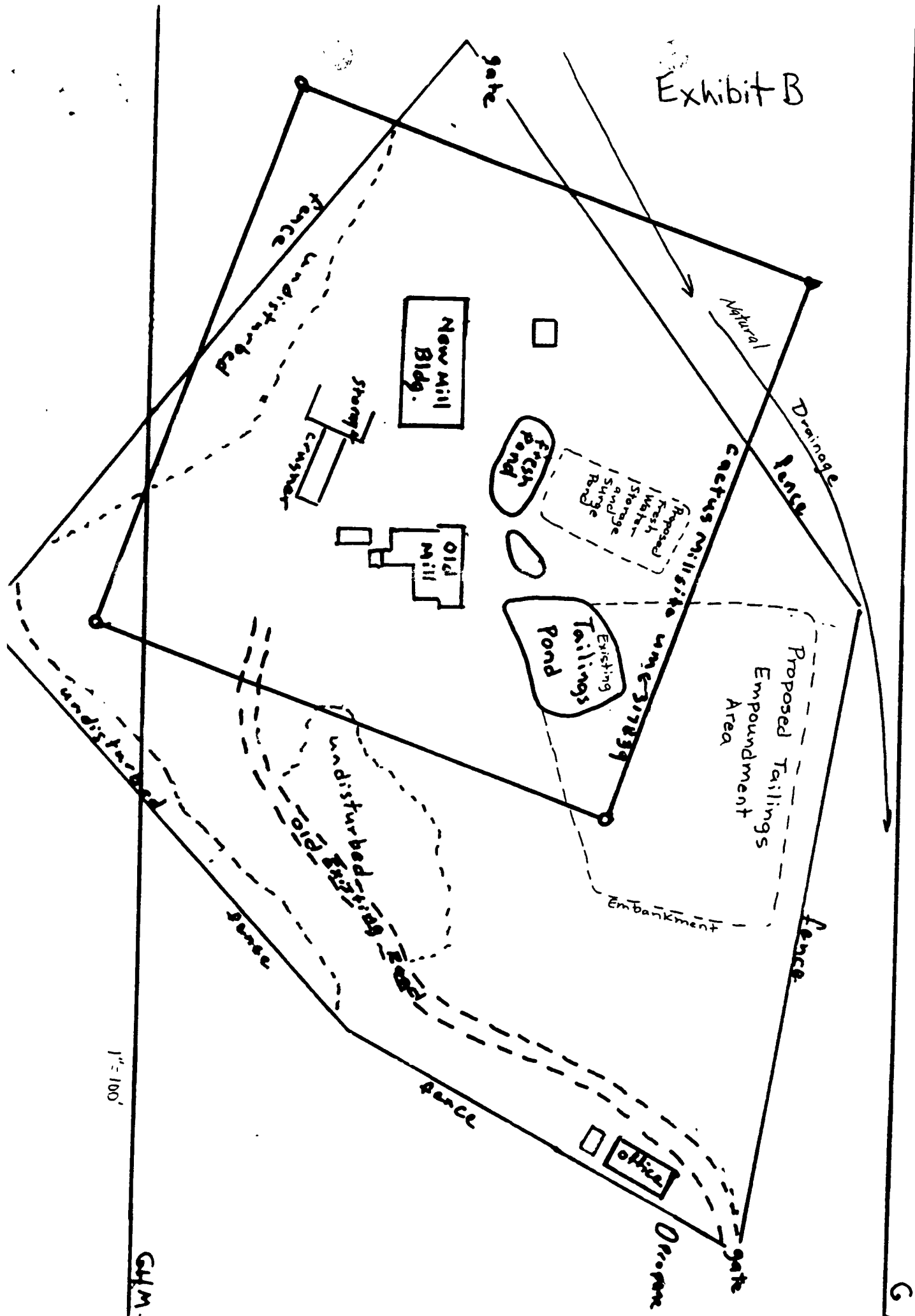
I hope this additional information will satisfy the remaining questions you have had. If we can be of further assistance please let us know.

Sincerely, 

William D. Moeller, President and CEO.

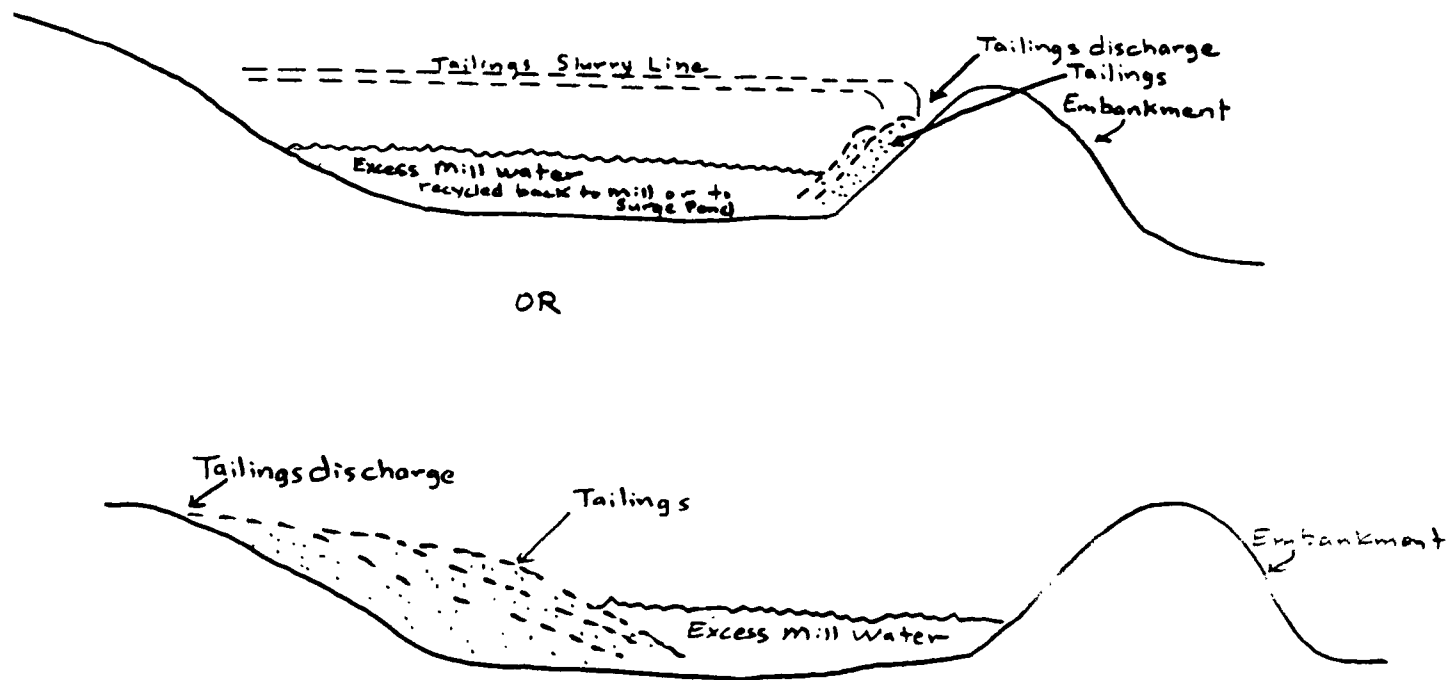


# Exhibit B



**X - Sections of Conceptual  
Tailings Impoundments  
to be Utilized at the  
Gold Hill Millsite  
by  
Clifton Mining Company, Inc.**

Exhibit C



Discharged water has been determined by the State of Utah Division of Water Quality not to be detrimental to the existing ground water (1996).